



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0364	Title:	Revise laws related to certain municipalities setting highway speed limits
Primary Sponsor:	Wilson, Nancy	Status:	As Introduced

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$68,288,000	\$56,504,000	\$43,844,000	\$99,312,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 364 would allow local municipalities with populations greater than 20,000 to set speed limits on all routes, including interstate, non-interstate national highway system (NHS) routes, state urban highways, and state primary highways within the corporate boundaries provided the Montana Department of Transportation (MDT) or the municipality has conducted a traffic engineering investigation within the preceding 5-years. The potential fiscal impact of the municipality setting speed limits on these state highways based on factors other than MDT's adopted standards and guidelines is the loss of federal participation for highway improvement projects on those routes where municipalities set speed limits.

FISCAL ANALYSIS

Assumptions:

1. Municipalities setting speed limits contrary to the Manual on Uniform Traffic Control Devices (MUTCD) requirements renders the routes where MDT has planned projects ineligible to receive federal participation on planned improvement projects.
2. The fiscal impact is based on the federal share of the improvement projects planned on state highways in municipalities with population greater than 20,000. For purposes of this fiscal note, it is assumed that all federal aid projects within the municipality corporate limits would be impacted.

3. This fiscal note assumes that the Federal Highway Administration (FHWA) will only penalize MDT for not following adopted standards on these projects, and not the overall program. A more conservative interpretation of the rules and regulations could result in FHWA non-participation in any of MDT's projects, which would result in an estimated loss of \$384.9 million of federal surface transportation program funds annually (based on 2015 estimated funding level).
4. The bill allows the commission to reverse the speed limits set by the municipalities if an engineering study is completed and the study findings support the change. It's unknown how many of these studies may be performed and at what rate it would be possible to reverse any actions that impacted federal eligibility. For this fiscal note, no adjustment was made for the reversing municipal set speed limits.
5. The estimate for FY 2019 is higher than the preceding years because it includes projects in MDT's construction plan for 2019 and beyond.
6. The MDT Maintenance Division costs for replacing signs is unknown at this time.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$68,288,000	\$56,504,000	\$43,844,000	\$99,312,000
TOTAL Expenditures	\$68,288,000	\$56,504,000	\$43,844,000	\$99,312,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$68,288,000	\$56,504,000	\$43,844,000	\$99,312,000
TOTAL Funding of Exp.	\$68,288,000	\$56,504,000	\$43,844,000	\$99,312,000
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$68,288,000)	(\$56,504,000)	(\$43,844,000)	(\$99,312,000)

Long-Term Impacts:

1. With the loss of federal aid eligibility on projects, MDT will need to find other projects in the program for the use of unobligated federal funds and the non-federal match; ensuring that Montana's highway funds don't lapse and are not distributed to other states. Highway improvement projects take years to develop for construction and MDT makes considerable effort to marry funding available with the project schedules in conjunction with our infrastructure asset management plan recommendations. Displacing a cumulative estimated \$309.5 million (state and federal) in planned projects between FY 2016 and 2019 will require MDT to significantly accelerate other project schedules, requiring additional staff, and at increased project development cost.
2. The loss of a cumulative estimated \$309.5 million (state and federal) in recommended infrastructure improvements will have a significant negative impact on the overall condition of Montana's highway system. MDT is charged with managing the states highway systems and losing the ability to make federal

funded improvements on highways in these municipalities will ultimately result in increased degradation of these roads.

3. MAP-21, the surface transportation authorization bill passed in 2012, established new national performance measures which include pavement and bridge condition as well as system delay and reliability. Losing federal participation on the state highways in these municipalities will jeopardize MDT's ability to manage these roadways and will also jeopardize the state's ability to achieve the national performance expectations, which could result in the FHWA taking a greater role in directing the use of federal funds on Montana's roadways.

Technical Notes:

1. Striking the language in section 7-14-4103, MCA, "The council of any incorporated town shall have power" appears to remove the authority for setting speed limits on city streets and roads from cities and towns with populations that are less than 20,000. The new language in this same section "Subject to the provisions of 61.8-303" which only addresses municipalities with populations greater than 20,000 doesn't provide any return of the authority for the less than 20,000 population cities and towns in the stricken language.
2. MDT (by statute) adopts the latest version of the Manual on Uniform Traffic Control Devices (MUTCD). Section 2B.13 of the MUTCD provides the necessary standard that shall be used prior to placing a regulatory speed limit sign, including the requirement of a traffic and engineering speed study. 23 CFR 655.601 – 655.605 talks to the requirement of using the MUTCD as the "standard for all traffic control devices on any street, highway or bicycle trail open to the public" (23 CFR 655.603 (a)).

Sponsor's Initials

Date

Budget Director's Initials

Date